

## Message Text

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PAGE 01 STATE 069004  
ORIGIN EA-12

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APPROVED BY EA/J - R CHARD N. K LPATRICK, ACTING  
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FM SECSTATE WASHDC  
TO AMEMBASSY TOKYO  
INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

C O N F I D E N T I A L STATE 069004

STADIS//////////

E.O. 11652: GDS

TAGS: PGOV, EGEN, MARR, JA, US

SUBJECT: WEEKLY STATUS REPORT - JAPAN, MARCH 16, 1978

TO: EA - MR. HOLBROOKE

FROM: EA/J - RICHARD N. KILPATRICK, ACTING

### 1. COOPER-MASUDA MEETING (CONFIDENTIAL)

MITI VICE MINISTER MASUDA, WHO IS ACCOMPANYING THE IKEDA MISSION, MET WITH UNDERSECRETARY COOPER MARCH 15 FOR AN HOUR'S REVIEW OF ECONOMIC ISSUES. AFTER A PRESENTATION OF THE RESULTS OF THE IKEDA MISSION, MASUDA BROUGHT UP MTN. BOTH HE AND COOPER AGREED THAT DRIVE TO REACH MTN AGREEMENT BY MID-JULY WOULD BE A CENTRAL ISSUE OVER NEXT FEW  
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MONTHS. COOPER SAID GOJ MTN OFFER WAS TOO LOW, BY THE LOGICAL AND HISTORICALLY-ACCEPTED MEASUREMENT. MASUDA SAID QUESTION OF SAFEGUARDS WAS "MOST SENSITIVE" ISSUE FOR JAPAN AND COOPER REPLIED WE WERE MOST INTERESTED IN GOJ SUPPORT ON SUBSIDIES ISSUE -- US COULD BE SPARING IN USE OF SAFE-GUARDS IF U.S. FIRMS WERE PERSUADED "FOREIGN COMPETITORS DID NOT HAVE ACCESS TO NATIONAL TREASURIES". ON FOREIGN

EXCHANGE MARKETS, COOPER SAID WE WANTED STABLE DOLLAR BUT COULD NOT FIX EXCHANGE RATES; GOJ COULD HELP STABILIZE YEN BY STRONG GROWTH AND INCREASING IMPORTS. FINALLY, COOPER SAID HE THOUGHT GOJ PROPOSAL TO MAKE ADVANCED PAYMENTS FOR URANIUM ENRICHMENT SERVICES MIGHT BE FEASIBLE AND INVITED DETAILED GOJ PROPOSAL. HE POINTED OUT THAT TRANSACTION, AS WE UNDERSTOOD MECHANICS OF IT AND IMF ACCOUNTING METHODS, WOULD NOT CHANGE CURRENT ACCOUNT NUMBERS.

## 2. POSSIBLE FRAUD CASE (CONFIDENTIAL)

A NUMBER OF CONGRESSIONAL INQUIRIES ABOUT POSSIBLE GOJ COMPENSATION TO FORMER POW'S MOVED US TO INVESTIGATE FURTHER AND WE HAVE EVIDENCE OF A LIKELY CON GAME. IT SEEMS THAT AN ORGANIZATION IN SARASOTA, FLORIDA ADVERTISES ITSELF IN MAGAZINES SUCH AS "RETIRED OFFICER" AS THE "ADVISORY COMMITTEE REPRESENTING FORMER POW'S (JAPANESE)" WHICH IS LOOKING INTO THE POSSIBILITIES OF OBTAINING OVER \$10,000 PER PERSON IN CLAIMS FROM THE GOJ FOR FORMER US SERVICEMEN POW'S. THE "COMMITTEE" ASKS FOR A "REFUNDABLE DONATION" OF \$50 TO FINANCE ITS EFFORTS AS WELL AS BACKGROUND INFORMATION AND A POWER OF ATTORNEY FROM THOSE INTERESTED. THE SCHEME IS EVIDENTLY FUTILE AS THE ALLIES WAIVED SUCH CLAIMS IN ARTICLE 14 OF THE PEACE TREATY. WE HAVE TURNED ALL THE PERTINENT ADVERTISEMENTS, FORMS, ETC. CONFIDENTIAL

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OVER TO SY FOR INVESTIGATION.

## 3. KUDOS (CONFIDENTIAL)

TOKYO 3742 WAS VERY HELPFUL TO OUR UNDERSTANDING OF THE FACTORS THAT MAY LEAD TO PRIME MINISTER FUKUDA'S DIS-SOLVING THE DIET AND CALLING AN ELECTION FOLLOWING HIS MEETING WITH PRESIDENT CARTER MAY 3. THE EMBASSY POINTS OUT THAT THIS TIMING WOULD FAVOR FUKUDA IN HIS EFFORT TO REMAIN IN OFFICE BEYOND THIS YEAR. THE PRINCIPAL OPPOSITION TO AN ELECTION IN JUNE WOULD COME FROM LIBERAL DEMOCRATIC PARTY SECRETARY GENERAL OHIRA WHO HOPES TO SUCCEED FUKUDA AND SEES THIS TIMING AS DISADVANTAGEOUS TO HIS CHANCES. THE EMBASSY CONCLUDES THAT THE ODDS FOR A MAY DIET DISSOLUTION AND JUNE ELECTION ARE NOW SLIGHTLY BETTER THAN EVEN. VANCE

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## Message Attributes

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**TAGS:** PGOV, EGEN, MARR, JA, US  
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**Review Markings:**  
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